GOVERNMENT OF INDIA
TEXTILES
LOK SABHA

UNSTARRED QUESTION NO:7283
ANSWERED ON:12.05.2000
STUDY MADE BY SITRA
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Will the Minister of TEXTILES be pleased to state:

(a) whether according to the study by the Coimbatore based South India Textile Research Association (SITRA) the profitability of the spinning mills has been showing an unprecedentally declining trend in the 1990s;

(b) if so, whether the Union Government have examined this study report;

(c) if so, the steps being taken to stop the crisis in the textile industry;

(d) whether according to this report, mills should get into value addition and enhance their unit realisation; and

(e) if so, the steps taken/being taken by the Government in this regard?

Answer

MINISTER OF STATE FOR TEXTILES

(SHRI GINGEE N. RAMACHANDRAN)

a) to e): The studies are conducted by SITRA on their own periodically and it is a regular feature to inform the spinning mills about the status of the industry. The profitability of the spinning mills had been showing the declining trends in the 1990s. However in the year 1999 the industry showed signs of improvement. Sliding in profits and losses are mainly due to steep increase in the four input costs, viz., cotton, power, interest and overheads without commensurate increase in yarn selling prices. Government have taken a number of steps to promote the production of textile goods. Some of these are as follows:

i) Government has launched a Technology Upgradation Fund Scheme (TUFS) for Textile and Jute Industries, which is in operation since 1-4-1999 for a period of 5 years. Government funding is limited to reimbursement of interest at 5% point on the interest charged by the lending agency on a project of technology upgradation in conformity with the scheme.

ii) In order to increase the productivity and quality of cotton, the Government has launched a Cotton Technology Missionon Cotton Development, with objectives of research, dissemination of technology to farmers, improvement in marketing infrastructure and modernisation of Ginning & Pressing Factories.

iii) In order to improve the viability and competitiveness of textile industry, efforts are on to rationalise fiscal duty structure in consultation with industry and other concerned organisation.

iv) The Textile Sector has, inter-alia, been extended the facility of concessional rate of import duty @ 5%, under the Export Promotion Capital Goods (EPCG) Scheme.

v) Upgradation through appropriate training programmes, providing comprehensive testing facility through network of laboratories.

vi) The Government has placed all the imports of textile fibre/yarn under O.G.L. to augment the availability of such fibre/yarn to the textile mills.

vii) Initiated measures for application of information technology in the textile industry to improve trade.